



Ontario

Ministry
of
Revenue

Lorne Maeck
Minister

T. M. Russell
Deputy Minister

**Retail Sales
Tax Branch**

Information Bulletin

Retail Sales Tax Act

Number 1-79

April 1979

Government
Publications

Pour obtenir cette publication en français, veuillez communiquer avec votre bureau régional de la Taxe de vente au détail.

ONTARIO BUDGET 1979

This Bulletin summarizes the changes affecting *The Retail Sales Tax Act*, proposed by the Treasurer of Ontario in the Ontario Budget of April 10, 1979.

BUDGET HIGHLIGHTS

- EXEMPTION FOR HOUSEHOLD SMOKE ALARMS
- EXEMPTION FOR YARD GOODS AND CLOTHING PATTERNS
- TRANSIENT ACCOMMODATION—PERIOD OF EXEMPTION EXTENDED
- EXEMPTION ON PRICES OF ADMISSION
- EXEMPTION FOR COMMERCIAL AIRCRAFT
- TEMPORARY EXEMPTION—RESTAURANT KITCHEN EQUIPMENT, AND FURNISHINGS FOR LODGING AND RESTAURANT ESTABLISHMENTS
- 49¢ EXEMPTION—CANDY, CONFECTIONS AND SOFT DRINKS
- TAXATION OF TELECOMMUNICATION SERVICES
- TAXATION OF PAY TELEVISION SERVICES
- TAXATION OF CABLE TELEVISION SERVICES
- SELF-BUILT SOLAR HEATING SYSTEMS—REBATE OF TAX



EXEMPTION FOR HOUSEHOLD SMOKE ALARMS

Effective April 11, 1979, self-contained household smoke alarms may be purchased exempt from tax.

This exemption does not extend to devices purchased for the purpose of installation as part of an alarm or warning system.



EXEMPTION ON PRICES OF ADMISSION

Effective April 11, 1979, the level of exemption from tax for a price of admission increases from \$3.00 to \$3.50.

When a price of admission exceeds \$3.50, retail sales tax is payable at the rate of 10% on the full amount.

Effective July 1, 1979, exemption from the 10% tax will be available to all entertainment provided by those organizations that qualify under The Income Tax Act (Canada) as charitable, non-profit or amateur athletic associations. Details will be provided in a future retail sales tax bulletin.



EXEMPTION FOR YARD GOODS AND CLOTHING PATTERNS

Effective April 11, 1979, purchases of textiles and clothing patterns are exempt from tax.

To qualify for exemption, the textile must be of cloth or fabric and purchased by the yard or metre. The exemption also includes ribbons and trim sold by length.

Materials other than cloth or fabric, e.g. metal cloth, knitting materials, thread, canvas, leather, furs and plastics remain taxable.



EXEMPTION FOR COMMERCIAL AIRCRAFT

Effective April 11, 1979, the present exemption for aircraft will be expanded. Purchasers of commercial aircraft and parts for such aircraft are exempt from tax if all the following conditions are met:

- (i) the aircraft is registered as a commercial aircraft under The Aeronautics Act (Canada),
- (ii) the purchaser is licensed to provide any of the classes of commercial air service established under section 3 of the Air Carrier Regulations, and
- (iii) the aircraft and parts are purchased by and become the property of the purchaser on or after April 11, 1979.

Parts for aircraft do not include items of supply, such as paper products, pillows, re-usable dishes, utensils, blankets, pamphlets, instruction cards and similar items.



TRANSIENT ACCOMMODATION— PERIOD OF EXEMPTION EXTENDED

The temporary exemption for transient accommodation and American Plans that was due to expire on December 31, 1979, is extended to March 31, 1981.

American Plans are accommodation and meals provided for one consideration.



TEMPORARY EXEMPTION—RESTAURANT KITCHEN EQUIPMENT, AND FURNISHINGS FOR LODGING AND RESTAURANT ESTABLISHMENTS

As a temporary measure, purchases of certain items of furnishings and equipment by persons providing lodging or meals to the public will be exempt from retail sales tax. The temporary exemption period begins April 11, 1979 and ends March 31, 1981.

This temporary exemption is limited to persons operating the following businesses:

- hotels
- motels
- hostels
- resorts
- cottages and cabins
- legions
- convention centres
- restaurants
- summer camps—commercial

These persons may purchase the following items exempt from tax if the items are purchased for business use and become their property on or after April 11, 1979. Purchase exemption certificates are required to obtain exemption.

FURNISHINGS

- beds, including frames, headboards, springs and mattresses
- bureaus
- chairs and stools in public areas
- clothing and luggage racks
- commodes
- curtains
- desks for guests
- drapes
- ice makers
- lamps—floor and table
- lawn and patio chairs
- lawn tables
- mirrors
- refrigerators and ranges in guest rooms
- radios and televisions in guest rooms
- tables
- water pitchers
- window air conditioners in guest rooms

RESTAURANT KITCHEN EQUIPMENT

- blenders
- bowls
- broilers
- coffee makers
- dishwashers
- flatware, dishes and serving trays
- food choppers
- food warming equipment
- grills
- grinders
- kitchen utensils
- mixers
- ovens
- pots, pans and tins for cooking and baking
- kitchen ranges
- kitchen refrigeration equipment
- slicers
- stoves
- toasters

Examples of furnishings and equipment that remain TAXABLE are:

FURNISHINGS

- parts for the repair and maintenance of furnishings
- items permanently attached to a building, e.g., central air conditioning, counters, carpets
- office equipment and furnishings, e.g., accounting machines, cash registers, reservation systems equipment, typewriters, desks, chairs
- audio visual equipment
- recreational equipment
- supplies such as linen, sheets, blankets, bed spreads, towels, shower curtains or doors, ash trays, waste receptacles
- laundry equipment

EQUIPMENT

- exhaust canopies
- food wrapping equipment
- mobile buffets, wagons and cooking units
- parts for the repair and maintenance of equipment
- refrigerated displays
- storage equipment
- table linens
- waste disposal equipment and compactors

This temporary exemption DOES NOT apply to persons or organizations operating the following:

- apartment dwellings
- clubs
- delicatessens
- establishments providing eating or lodging facilities principally for their employees
- grocery stores preparing cooked food
- homes for the aged
- hospitals
- local, provincial and federal governments, their institutions, agencies, boards and commissions
- snack bars located at or in exhibitions, fairs, sporting events, cinemas and theatres, super-markets, department or grocery stores and similar places
- nursing homes
- religious, charitable, or benevolent organizations
- rooming houses
- summer camps—private
- schools, colleges and universities
- tent and trailer sites
- private cottages and residences



- 49¢ EXEMPTION—CANDY, CONFECTIONS AND SOFT DRINKS
- 20¢ EXEMPTION FOR OTHER ITEMS—NO CHANGE

Effective April 11, 1979, the level of exemption for candy, confections and soft drinks is increased from 20¢ to 49¢. The 20¢ level remains in effect for all other items.

There is a significant difference in the application of tax between the two classes of commodities. Items subject to the 20¢ exemption are taxable if their total in a sale exceeds 20¢, whereas individual items of candy, confections or soft drinks of 49¢ or less remain exempt regardless of the total amount of the sale.

Details of these two classes of commodities are set out below:

49¢ EXEMPTION—CANDY, CONFECTIONS AND SOFT DRINKS

Candy, confections and soft drinks individually priced and sold at 49¢ or less, for example, a 30¢ candy bar, are exempt from tax.

Unlike the 20¢ exemption for other items, a sale comprised of several items of candy, confections or soft drinks is exempt if each item is individually priced at 49¢ or less even though their total is more than 49¢.

Where one price must be paid for a case, carton, weight or quantity of candy, confections or soft drinks, that price is taxable if it exceeds 49¢, regardless of the number of items contained in the package. All the following illustrated prices are taxable:

| | |
|--|--------|
| 6 candy bars packaged together | \$1.39 |
| 1 case of soft drinks | 6.00 |
| ½ lb. chocolates | .75 |
| 2 lb. box chocolates | 4.95 |
| 3 for \$1.00—soft drinks | 1.00 |

A vendor cannot avoid charging tax by "averaging". For example, in the above illustration the case of soft drinks is priced and sold as a "case" at \$6.00, therefore the vendor cannot describe such sale as $24 \times .25 = \$6.00$ to avoid charging tax.

Deposit charges are not subject to tax.

20¢ EXEMPTION—NO CHANGE

Apart from candies, confections and soft drinks sold for 49¢ or less, the Retail Sales Tax Act exempts items sold individually at less than 21 cents. For example—a 15¢ card. However, the Act requires that tax be charged when, on the same occasion, or as part of one transaction, several items are sold together for a total of 21 cents or more. Two 15 cent pencils, for instance, are to be treated as:

| | |
|---------------|------------|
| Sale price | = 30 cents |
| 7% × 30 cents | 2 cents |
| Total | 32 cents |

The same principle applies when several taxable items are sold with a number of exempt products. The total of the taxable items is taxed, even though some of the individual items are priced at less than 21 cents.



TAXATION OF TELECOMMUNICATION SERVICES

Effective April 11, 1979, the definition of "taxable service" is expanded to include all TELECOMMUNICATION SERVICES.

This means that charges or payments made for telecommunication services provided from April 11, 1979, are subject to tax at the rate of 7%. Where the billing period spans April 11, 1979, the charge for that portion after April 10, 1979, is subject to tax.

In addition to telephone services and telegraph services, telecommunication services include all forms of voice and non-voice telecommunications such as transmission of data, broadcasts or facsimiles through telephone or trunk lines or any other media.

Persons in the business of providing telecommunication services and utilizing these services for their own use must remit tax on their cost of such services.

A regulation with full details will follow after meeting with persons in the business of providing these services.



TAXATION OF PAY TELEVISION SERVICES

Effective April 11, 1979, the definition of "taxable service" is expanded to include pay television. This means that charges or payments made for television viewing from April 11, 1979, are subject to tax at the rate of 7%.

Persons providing pay television services must be registered as vendors and charge and collect retail sales tax on billings to customers. An application for a vendor's permit may be obtained from Retail Sales Tax District Offices.



TAXATION OF CABLE TELEVISION SERVICES

Effective April 11, 1979, the definition of "taxable service" is expanded to include cable television services. This means that charges or payments made for cable television services provided from April 11, 1979, are subject to tax at the rate of 7%. Where the billing period spans April 11, 1979, that portion after April 10, 1979, is subject to tax.

Persons providing cable television services must be registered as vendors and charge and collect tax. An application for a vendor's permit may be obtained from Retail Sales Tax District Offices.



SELF-BUILT SOLAR HEATING SYSTEMS—REBATE OF TAX

Individuals who purchase taxable parts and materials on or after April 11, 1979, to build their own solar heating system, will be eligible for a rebate of the tax paid to a maximum of \$700, after the system is completed.

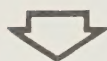
The rebate will be available for tax paid on items that are directly incorporated into a solar heating system. A declaration to this effect must accompany the application for rebate.

Contractors purchasing materials to construct solar heating systems for others are not eligible for this rebate.

Applications for this rebate must be made within three years of the payment of tax.

Rebate application forms are available from Retail Sales Tax District Offices.

NON-BUDGET ITEMS



APPLICATIONS FOR TAX REFUND— LIMITATION PERIOD EXTENDED

Effective April 11, 1979, the two-year limitation with respect to overpayments of tax will be extended until it reaches a maximum of three years.

Applications for refund of tax that was paid in error on or after April 11, 1977, are subject to the three-year limitation. For applications for refund of tax paid in error prior to April 11, 1977, the two-year limitation will apply.




PAMPHLET—REBATES FOR VISITORS TO ONTARIO

A new pamphlet "Provincial Sales Tax Rebates for Visitors to Ontario," has just been published. It explains the existing rebate procedure for tourists making purchases in Ontario and will be of value in the promotion of sales to tourists in Ontario. For the convenience of tourists the pamphlet contains a simple rebate application form. The pamphlet and its display stand are available from Retail Sales Tax District Offices and the Ministry of Industry and Tourism. Both pamphlet and stand are bilingual (English and French) and are part of Ontario's "We Treat You Royally" program.

RETURN CARD CERTIFICATION—REMINDER

Please ensure that you sign your Retail Sales Tax Return in the space provided. To remind you to complete the certification, it will be moved from the back of the return to the front, starting in June, 1979.

A sample of the front of the revised return and the new location of the certification is shown below.

| | | | |
|--|--|---|--|
|  Ontario | Ministry of Revenue Retail Sales Tax Branch | Queen's Park Toronto, Ontario M7A 1X9 | Registered Vendor – Retail Sales Tax Return This Return Covers The Period _____ To _____ |
|--|--|---|--|

| | | |
|---------------------|-----------|-----------------------|
| Permit Number _____ | Y M _____ | Return Due Date _____ |
|---------------------|-----------|-----------------------|

| | Dollars | Cents |
|--|---------|-------|
| ① Total Sales In Ontario | | 0 0 |
| ② Tax Collectable on Sales | | |
| ③ Tax on Purchases for own Consumption | | |
| 4 Sub-Total (2+3) | | |
| 5 Current Penalty (5% of 4) L F D YY MM DD | | |
| 6 Sub-Total (4 + 5) | | |
| ⑦ Compensation | | |
| 8 Sub-Total (6 - 7) | | |
| ⑨ Adjustment <input type="checkbox"/> + or <input type="checkbox"/> - (See Reverse) | | |
| ⑩ Tax Due & Payable (8 + or - 9) | | |

◆ Make Cheque or Money Order Payable in Canadian funds to the TREASURER OF ONTARIO for the full amount of Tax Due & Payable.

| | |
|-----------------------------|---------------------|
| Signature _____ Title _____ | CI: _____ NS: _____ |
|-----------------------------|---------------------|

Date ____/____/____ Telephone (_____) _____

IMPORTANT NOTICE FOR RETAILERS OF CIGARETTES, TOBACCO AND CIGARS

Retailers collecting Ontario tax on cigarettes, tobaccos and cigars must remit the tax only through tobacco wholesalers who are designated as collectors of tobacco tax. Failure to remit the tax through an authorized collector may result in an assessment against a retailer.

All wholesalers selling tobacco to retailers must obtain a Wholesale Dealer's Permit and be a designated collector. Such designated wholesalers are the only persons authorized to receive the tax from retailers. Wholesalers must show their Permit number on all invoices to retailers.

Any retailer wishing to confirm whether or not his tobacco supplier is authorized to receive tobacco tax from retailers may write to the Tobacco Tax Section of the Ministry at the following mailing address, or telephone the toll-free numbers below:

Mailing Address

Ministry of Revenue
Gasoline Tax Branch
Tobacco Tax Section
Queen's Park
Toronto, Ontario M7A 1Y3

Telephone (Toll-free)

Metro Toronto—965-8470
Area Code 807—Ask Operator for Zenith 8-2000
All other areas—Dial 1-800-268-7121

FOR FURTHER INFORMATION CONSULT THE DISTRICT OFFICE IN YOUR AREA,
AS LISTED BELOW:

| | | | | | |
|-------------------------------------|--|--------------------------------------|---|----------------------------------|--|
| BELLEVILLE K8N 1E3 | 208 Dundas Street East 962-9108 | ORILLIA L3V 6K5 | 19 Front Street North P.O. Box 670 325-9587 | TORONTO M4P 1H6 | 2300 Yonge St., 10th Floor 487-7161 |
| HAMILTON L8P 1B4 | 361 King Street West 528-8393 | OTTAWA K1Z 7L7 | 1419 Carling Avenue Hampton Park Plaza 728-5887 | WELLAND L3B 3Z7 | 76 Division Street 732-1318 (in St. Catharines and Niagara Falls, call 688-1360 or 688-1368) |
| KITCHENER N2M 1N2 | 449 Belmont Ave. W. 744-6318 | SUDBURY P3A 1Z7 | 1536 LaSalle Blvd. 674-3151 | WINDSOR N9A 6V9 | 250 Windsor Ave., 252-4404 |
| LONDON N6C 4P4 | 310 Wellington Rd. 433-4033 | THUNDER BAY P7C 5G6 | 435 James Street South P.O. Box 5000 Ontario Government Bldg. 475-1681 | | |
| NORTH BAY P1B 2H3 | 1500 Fisher Street Northgate Plaza 474-4900 | | | | |

From April 11 to April 20, 1979, the following telephone numbers are also available for referral of Retail Sales Tax enquiries:

- Metro Toronto: 965-8470 • Area code 807: ask operator for Zenith 8-2000 • All other areas: 1-800-268-7121